



Legislative Research Council

MINUTES

Legislative Planning Committee

**Second Meeting
2015 Interim
August 31, 2015**

**Room 412
State Capitol
Pierre, South Dakota**

The second meeting of the Legislative Planning Committee was called to order by **Representative Scott Munsterman, Chair**, at 10:00 a.m. (CST), on Monday, August 31, 2015 in Room 412 of the State Capitol in Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Corey Brown (telephone), Scott Parsley and Mike Vehle, Vice Chair; Representatives Shawn Bordeaux, Jacqueline Sly, and Scott Munsterman, Chair; Excused: Senators Terri Haverly and Ried Holien; Representatives Kristin Conzet and Dean Wink.

Staff members present included David Ortbahn, Chief Analyst of Research and Legal Services; Amanda Jacobs, Research Analyst; Stephanie Gruba, Fiscal Analyst; and Rena Ortbahn, Legislative Secretary.

All referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council (LRC). This meeting was recorded by South Dakota Public Broadcasting. The committee documents and archived recording are available at the LRC website at <http://legis.sd.gov> under "Interim – Agendas, Minutes and Committee Documents." For the purpose of continuity, these minutes are not necessarily in chronological order.

Representative Sly moved, seconded by Senator Vehle, to approve the minutes of the meeting held on July 16, 2015. The motion was approved by voice vote.

Overview of Public Higher Education -- Future Direction and Plans ([PowerPoint online](#))

Dr. Michael Rush, Executive Director, SD Board of Regents (SDBOR), overviewed higher education in South Dakota: why it is important; why it is needed; the challenges; and how higher education strengthens both the state's economy and the individual. He said it enhances individual income, the return on investment is significant, and there is a direct correlation between income and education levels. Dr. Rush explained by 2020, 65% of jobs in South Dakota will require postsecondary education. To meet this future demand, the state needs to increase the number of students graduating with associate, bachelor's, and master's degrees. The projected revenues to South Dakota from meeting this 65% goal would be \$107 million, at a cost to the state of \$25 million.

Dr. Paul Turman, Chief Academic Affairs Officer, SDBOR, explained the overall mission of the SDBOR and the various university system funding sources. Dr. Turman said fall enrollments have risen due to increasing use of online programs and university centers, non-traditional and non-resident students, and use of dual credit programs. He pointed out that 34% of high school graduates don't go on to higher education. This includes approximately 150 graduates who scored 21 and above on the ACT test. He said the number of students who enroll or graduate from postsecondary institutions has steadily increased for several years.

Dr. Turman said students graduating in the five areas of workforce shortages – health professions, education, business, engineering, and social sciences – do not struggle to find jobs in South Dakota, and the SDBOR studies the alignment of graduates with the work force needs. He said that 59.9% of higher education graduates are either employed or pursuing another degree within a year of graduating. Dr. Turman showed how university research activities impact South Dakota's economy and explained the states vision of producing graduates for target industry sectors.

Dr. Turman responded to questions. He said degree programs are reviewed and may be eliminated if they underperform for more than one year. There is a process to determine whether new degree programs should be offered. Dr. Turman said policy allows students to earn credit for their life experiences, but that it is piecemeal in nature. Dr. Turman said they are looking at delivering state university degree programs onsite at tribal colleges as a strategy for keeping Native American graduates in South Dakota.

Dr. Turman said university centers' enrollments may be decreasing because of the growth of equivalent online courses; last year 22,000 students in the university system took at least one online course. Students pay the full cost of online courses. On campus, state funds help to bring down the cost. He said in the future the SDBOR will probably look at the blending of self-support and state-support, and the university centers may deliver more hybrid courses.

Representative Sly commented there are options other than traditional institutions that don't get captured in the data collected.

Dr. Daniel Palmer, Director of Institutional Research, SDBOR, explained how the university system measures and reports its progress and said this information is available on the SDBOR website.

The SDBOR has selected the four priority areas of student success and three to six specific performance indicators for each area. He said these measures were selected by looking at the SDBOR Strategic Plan and selecting the measures that best reflect what the university system does. These priority areas and indicators are as follows:

Student Success measured by: Degrees (undergrad/grad), AIAN Degrees (American Indian Alaskan Native), Retention Rate, Graduation Rates (4-year/6-year), and Remediation Rate. Dr. Palmer said the retention rate is of freshman that entered the system, and the remediation rate is the percentage of South Dakota students coming into the system needing some remediation.

Academic Quality and Performance measured by: percent of graduates passing licensure exams, number of accredited programs, students participating in experiential learning, and number of new graduates. Dr. Palmer said usually an advanced degree brings about more personal satisfaction, and some type of practical experience outside classroom is crucial in real world training.

Research and Economic Development measured by: grants and contracts expenditures, license agreements signed, STEM graduates, and start-up companies. Dr. Palmer said license agreements are for developing university research and the start-up companies are for commercializing university research.

Affordability and Accountability measured by: three year federal loan default rate, regional rank for undergraduate tuition and fees, percent of operating budget funded by state, and students served by SD special schools. Dr. Palmer said the operating budget is a ratio, not a percent.

Dr. Palmer said the SDBOR has set up interactive dashboards online in the categories of Access and Enrollment, Graduates and Placement, SDBOR Academic Policies, and State Labor Force. The site is accessed at www.sdbor.edu/dashboards under media/publications. Interactive charts allow users to filter the data, and Dr. Palmer said if you have a question, most likely there is a dashboard to answer your question.

As to how the university system encourages Native Americans to continue with their education, Dr. Palmer said there are a variety of initiatives including the Jump Start Initiative and making sure advisors and students meet.

Dr. Turman said it is hard to compare South Dakota remediation numbers with other states since SD does not have a community college system; it has an open access system. He said the remediation rates have been dropping, partly because of the opportunity scholarship and programs available to high school students, of which he gave examples.

Dr. Rush commented that low income students with higher ACT scores can succeed at the university level, but they need the money and that need-based scholarships and jump start scholarships help. He said Idaho has found that students taking dual credit courses in high school go to college at higher rates and have higher completion rates.

In response to Senator Vehle's question, Dr. Turman said the cost per degree for the different institutions is different as each institution is unique, and this is something their Chief Financial Officer could probably address. Senator Vehle would like to see some type of matrix to see if the state is getting its money's worth, to which Dr. Rush replied they would work on it.

Representative Munsterman would like more discussion as to why the state is giving individual students differing amounts of money depending on the institution attended. He complimented the SDBOR on their strategic planning and dashboard indicators and said this is what the committee wants.

Representative Munsterman recessed the committee at 12:20 p.m. and reconvened it at 1:05 p.m.

Postsecondary Education Benchmarks and Performance Measures

The committee agreed the four dashboard indicator categories as identified by the SDBOR are what the committee wants (see pages 2 & 3).

Ms. Tiffany Sanderson, Director, Division of Career & Technical Education, Department of Education (DOE), said the technical schools are developing a five-year strategic plan. She thinks their goals and performance measures can align with the Board of Regents' indicators and strategies.

Representative Sly suggested a measure comparing the cost of a degree program and why it differs for the different schools. Dr. Rush thought it would fit under affordability and accountability.

Benchmarks and Performance Measures for Other Areas of State Government

Senator Larry Tidemann, Vice Chair, Government Operations & Audit Committee (GOAC), said his committee has been looking at performance indicators for years, and as a member of the Appropriations Committee he also participated in the sunset review of state agencies. From these experiences, Senator Tidemann believes the Legislature can't force goals; they have to come from the departments. He said dashboard indicators can be used as a management tool, but not all

departments will agree to the dashboards. It needs to be decided what should be evaluated, not everything can be.

Senator Tidemann said in recent years, bills requiring systematic reviews of all the agencies have failed, but even without this being mandatory, some departments are making progress. He gave the example of the Appropriations Committee requesting remediation data, and as a result, the SDBOR and DOE performance matrixes exceed anything they had prior. Since GOAC began discussing performance measures in 2012, there have been improvements in the mountain pine beetle program and a pilot drug program. Senator Tidemann suggested performance indicators for the Legislative Research Council could be developed.

Recently GOAC has been working with three agencies on performance indicators. Senator Tidemann said partly because of this GOAC review, the Department of Health has put even more focus on their performance indicators and the State Treasurer's Unclaimed Property program has grown from \$8 million to \$127 million.

Senator Tidemann referred to a proposed evaluation tool that provides dashboard indicators (red, yellow, and green) which can be applied to any goal, immediately showing whether, according to historical trends, the performance measures for that goal are being met or whether there is a potential problem. Annie Mehlhaff, Chief Budget Analyst, Legislative Research Council, developed the proposed tool. Senator Tidemann said it was very well done ([Document #1](#)).

Senator Tidemann said the departments should be convinced performance indicators are of value, good for the staff, and a way to reveal to the public how their tax dollars are being used. He advised the departments choose the areas they want to monitor. He said not all goals should be performance based and everything can't be evaluated. He cautioned there can be unintended consequences from establishing goals. For example, if South Dakota had gone with a closed university system, there would be fewer students and less of a need for remediation.

Senator Vehle is interested in outcomes and identifying problems; he doesn't care who is at fault, but he does want problems fixed, and he agrees the departments have to set their own outcomes. He wants the information in a short, summary document that can be quickly read, understood, and usable in caucus and at cracker barrels. He appreciates what GOAC is doing and thinks it can mesh with the committee's needs.

Representative Parsley said perhaps it is as important to look at those who do not meet a goal as those who do. With performance indicators, he said at least we would know there is an issue, and a problem won't surprise us; there is a consequence on the legislative side as to how to deal with this information.

Representative Sly said a department or program receiving tax dollars is responsible for the use of those dollars; and perhaps when there is an unintended consequence we don't react quickly. Representative Sly said sharing income, input, and output information shouldn't be a threat, but part of the process, so when there is a consequence, we are able to react quickly.

Senator Tidemann said to achieve continuity an agency's performance indicator process would take at least three to five years. Senator Vehle said he's thinking more on an eight-year track, and it should be the agency's goals that we are examining. He said any organization needs to know whether or not they are meeting their goals. He's more interested in the outcome, and said if an agency doesn't have outcome-focused goals, they need to be thinking about it. If a goal isn't being met, that's the agency's problem, and it's the Legislature's job to help them.

Representative Munsterman said this meeting has been a really good conversation, and perhaps the Appropriations Committee and GOAC should get together in their discussions. He indicated that he really liked the Legislative Research Council's proposed evaluation tool.

Senator Brown said a lot of state agencies have been discussing what their mission and purpose is in providing services and hopes they will continue those conversations. He encouraged agencies that haven't, to take these steps in the future.

The next meeting will be Monday, October 22, 2015. Representative Munsterman said the agenda should include a wrap up of the postsecondary conversation, and the beginning of the discussion of health care in South Dakota which would include the Department of Health, the Governor's Primary Care Task Force, and Indian health.

Adjournment

Senator Vehle moved, seconded by Representative Bordeaux to adjourn. The motion prevailed unanimously on a voice vote.

The committee adjourned at 2:15 p.m.

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